

## **FACT CHECK: GOP Claims on their Tax Framework**

*This week, Republicans are rushing the Senate-passed budget resolution to the Floor – instead of going to conference – in order to speed up the process of passing legislation to give tax cuts to the wealthy. As they attempt to jam their tax framework through Congress, they’ve made a number of claims about how it will benefit the middle class. But the GOP’s rhetoric doesn’t match reality. Here is a look at the facts about their tax framework that cuts taxes on the wealthy, leaves 47 million Americans with a tax increase and adds \$2.4 trillion dollars to the deficit in the next 10 years and \$3.2 trillion to the deficit in the decade following.*

***CLAIM: The GOP tax framework will bring tax relief to middle class families.***

**President Donald Trump**: “We will cut taxes for hardworking, middle-class families...” [Op-Ed, [10/22/17](#)]

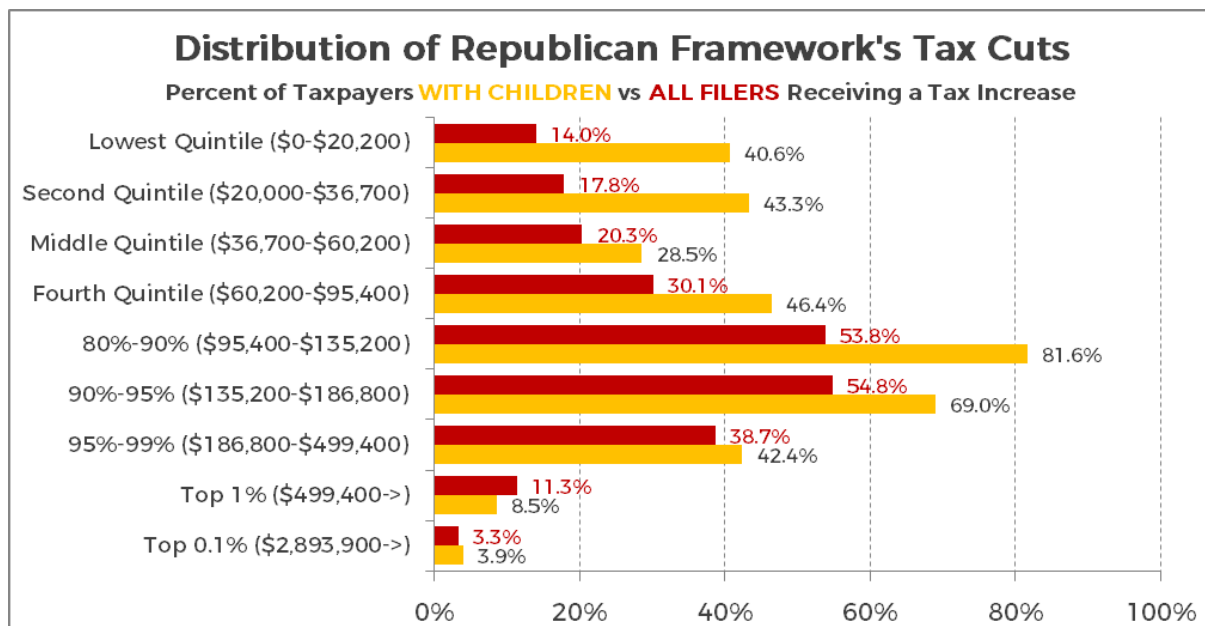
**Office of Management and Budget Director Mick Mulvaney**: “The two priorities from the very beginning from the president have been that middle taxpayers will pay less and it will be simple for them. That's number one.” [Fox News Sunday, [10/22/17](#)]

**Senate Majority Leader Mitch McConnell (R-KY)**: “I can tell you what the overall goal is, middle class tax relief...” [Fox News Sunday, [10/22/17](#)]

**Speaker Paul Ryan (R-WI)**: “The entire purpose of this is to lower middle-class taxes... So yes, people are going to get tax cuts. How big are those tax cuts? That depends on the individual.” [Washington Post, [10/1/17](#)]

**Ways and Means Chairman Kevin Brady (R-TX)**: “I think those who benefit the most are middle-class families struggling to keep every dollar they earn.” [Fox News, [9/27/17](#)]

***REALITY: According to the analysis from the non-partisan [Tax Policy Center](#), 47 million Americans will see a tax increase. In addition, if a middle-class family has children they are much more likely to see a tax increase. Here is a look at who will see a tax increase under the GOP framework:***



***CLAIM: The tax reform framework is not a tax cut for the wealthiest Americans.***

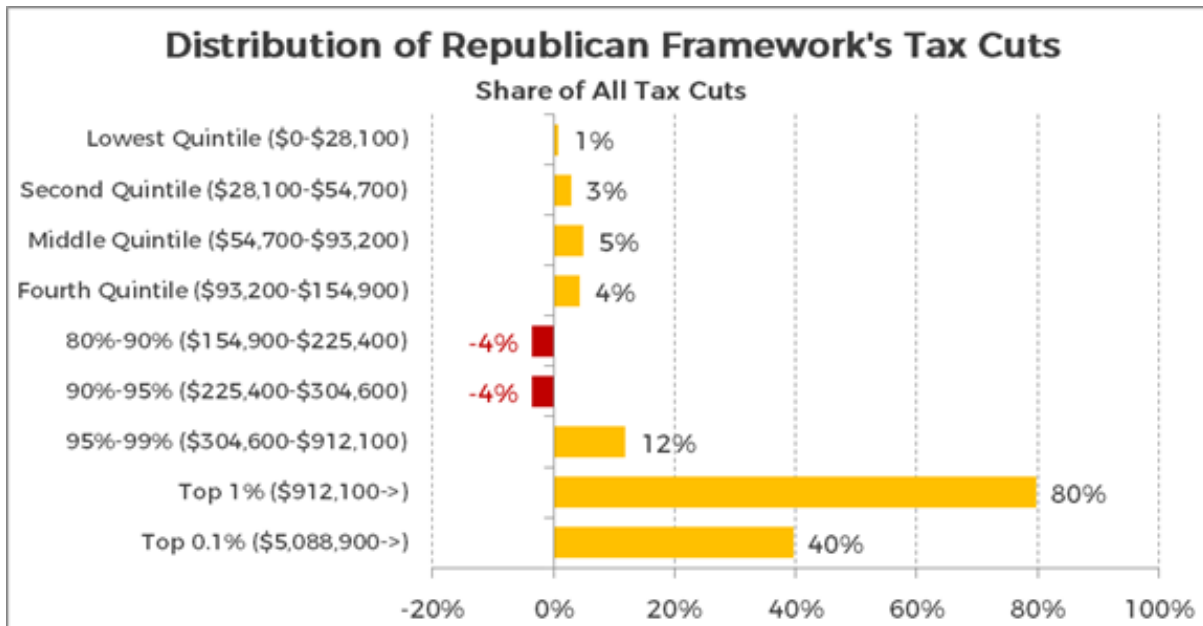
**President Donald Trump**: “The rich will not be gaining at all with this plan...” [NPR, [10/4/17](#)]

**Director of White House National Economic Council Gary Cohn**: “The wealthy are not getting a tax cut under our plan...” [The Atlantic, [9/29/17](#)]

**Treasury Secretary Steven Mnuchin**: “Our objective is not to create tax cuts for the wealthy. Our objective is about creating middle income tax cuts.” [Meet the Press, [10/1/17](#)]

**House Speaker Paul Ryan (R-WI)**: “[The top earners in America] do not see a big rate cut.” [Bloomberg [10/20/17](#)]

***REALITY: 80% of the tax cuts outlined in the GOP tax framework go to the top 1% of earners. Here is a look at the distribution of tax cuts in the GOP tax framework, according to analysis from the Tax Policy Center:***



***CLAIM: Republicans' tax framework will not add to the deficit.***

**Senate Majority Leader Mitch McConnell (R-KY)**: “No, actually, we’re not [abandoning that promise to do whatever you can with tax cuts to make it revenue-neutral.]” [State of the Union, [10/22/17](#)]

**House Speaker Paul Ryan (R-WI)**: “It’s going to be deficit neutral. That’s the budget rules we use, which is call the Byrd Rule...” [The Hill, [10/1/17](#)]

**Treasury Secretary Steven Mnuchin**: “The president is not going to sign something that he believes is going to increase the deficit...” [LATimes, [10/5/17](#)]

***REALITY: The GOP tax framework will explode the deficit. The Tax Policy Center predicts the framework will result in an additional \$2.4 trillion dollars added to the deficit in the next 10 years and \$3.2 trillion dollar in the decade following. Here’s a look at what tax experts say about it:***

**Maya MacGuineas, President, Committee for a Responsible Federal Budget:** “This is a massive tax cut with an insufficient plan to pay for it...There is going to be a multitrillion-dollar gap. And the concern is that the political environment is going to make that grow bigger instead of smaller, because one thing politicians don't seem willing to do right now is pay for things or make any hard choices.” [NPR, [9/27/17](#)]

**Thomas Fullerton, professor of economics and finance at the University of Texas at El Paso:** “Tax code simplification is a laudable goal, but it is not clear whether very many tax loopholes will be closed...Unfortunately, the risk of a widening deficit is pronounced.” [Bloomberg, [9/28/17](#)]

***CLAIM: Tax cuts will pay for themselves.***

**Senate Finance Committee Chair Orrin Hatch (R-UT):** “I’m going to do my best to get a system here that will pay for itself and pay for a lot of other things in the future.” [Washington Post, [10/2/17](#)]

**Director of White House National Economic Council Gary Cohn:** “We think we can pay for the entire tax cut through growth over the cycle.” [CNBC, [9/28/17](#)]

**House Speaker Paul Ryan (R-WI):** “If this results in giving us a faster economic growth, that will help us reduce our debt...You have got to have tax reform to get faster economic growth...Faster economic growth is necessary for us to get our debt under control.” [LATimes, [10/5/17](#)]

**OMB Director Mick Mulvaney:** “I’ve been very candid about this...We need to have new deficits.... If we simply look at this as being deficit-neutral, you’re never going to get the type of tax reform and tax reductions that you need to get to sustain 3% economic growth.” [LATimes, [10/5/17](#)]

***REALITY: This theory has been debunked by economists for years. This partisan tax framework is no exception.***

In Kansas, Republicans cut taxes for the wealthy, claiming it would result in economic growth and that the tax cuts would pay for themselves. NBC highlights how that hasn’t been the case: “Kansas has become Exhibit A in their prosecution of the Trump tax cuts. It’s routinely cited as evidence the new GOP proposal won’t grow the economy or pay for itself, and that proposed business tax reduction similar to Brownback’s will create a new loophole for wealthy individuals to exploit.” [NBC, [10/22/17](#)]

**Veronique de Rugy, an economist at the conservative Mercatus Center at George Mason University:** “It’s a non-starter to think we can grow ourselves out of this budget mess...” [Fortune, [9/26/17](#)]

**Keith Hall, Director, Congressional Budget Office:** “No, the evidence is that tax cuts do not pay for themselves...And our models that we’re doing, our macroeconomic effects, show that.” [The Hill, [8/25/15](#)]

**Douglas Holtz-Eakin, former Congressional Budget Office Director:** “I’m a very conservative economist. I would love it if tax cuts paid for themselves, but I’m also someone who looks at the numbers. And there’s just no evidence that the tax cuts actually pay for themselves...It’s just unlikely that you can move an economy that is approaching \$20 trillion in size so much, so fast with a tax cut, that it will turn around and generate even more revenue.” [NPR, [5/9/2017](#)]

***If Republicans are serious about fully reforming the tax code, they ought to come to the table and work with Democrats on a revenue-neutral plan that would bring middle class tax relief to the American people without exploding the deficit.***